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4th December, 1959.

COCOM Document 3716.48/1

COORDINATING COMMITTEE

RECORD OF DISCUSSION

ON

ITEM 1648 - COBALT

27th and 30th November, 1959

Present: Belgium(Luxembourg), Canada, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States.

References: COCOM Docs. Nos. 3700.4, 3716.00/1 and W.P. 1648/1 - 4.

1. The BELGIAN Delegation proposed that cobalt metal be deleted from sub-item (b) on the grounds that this material met none of the embargo criteria. They stressed in particular that neither criterion (a) nor criterion (c) was applicable, and that cobalt could easily be replaced by nickel, itself no longer under embargo. The continued control of cobalt would incite the Sino-Soviet Bloc to develop their own industry and to produce substitutes which might well prove, and in one instance already had proved, to be superior. Reference was made to U.S.S.R. exports of cobalt to other Sino-Soviet Bloc countries and to the fact that, although it was possible to extract this metal from cobalt salts and alloys, some of which were free from embargo, no such exports had been made by the West to the Bloc. (The arguments put forward by the Belgian Delegation are set out in full in W.P. 1648/3.)

2. The UNITED STATES Delegation referred to the statement they had already made in W.P. 1648/2, in which they had given their reasons for objecting to the Belgian proposal. They believed that cobalt metal was used in the Sino-Soviet Bloc primarily, if not exclusively, for military purposes, and therefore met the terms of criterion (a). Turning to the applicability of the third criterion, they stressed the small percentage of cobalt produced in the Bloc as compared with Free World output, the low recovery value of the ore deposits in the Soviet Union, and the frequent reports of diversions to Soviet Bloc countries. They explained moreover that despite comparable military programmes, the total production of cobalt in the Bloc was less than United States military and stockpiling needs. No exports had been made by the U.S.S.R. to other than satellite countries, and the very high prices ruling within that country would also seem to confirm that the latter were suffering from a critical shortage in this respect. As to the possibility of replacing cobalt by nickel, they believed that this was only true for certain uses and sometimes resulted in inferior performance. The retention of cobalt under embargo was thus fully warranted in the interests of Free World security.

3. The UNITED KINGDOM Delegation supported the Belgian proposal. While they could agree that there was a shortage of cobalt within the Bloc, they did not believe it could be called critical in the sense of criterion (c). Exports of this material if released would, they felt, like the small evasive shipments obtained from the West, be used in consumer industries and general metallurgy and engineering, and would not contribute to the military potential of the Bloc. They did not therefore feel that the defense interests of the West would be served by continuing the embargo on cobalt. (The full United Kingdom statement is recorded in W.P. 1648/4).

4. The CANADIAN Delegation likewise supported the Belgian proposal to delete cobalt metal, unless proof could be given that such action would result

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in a material increase of Sino-Soviet Bloc military capacity. Referring to the United States statement (W.P. 1648/2), they did not believe that the fact that estimated total Bloc output was almost equivalent to the United States consumption of cobalt for military purposes showed any critical deficiency in the Bloc as regards the production in peacetime of materials with military application. Since the figures supplied by the United States Delegation in this respect were an important factor in the discussion, the Canadian Delegation wished to have some indication of their validity and the method used to calculate them. They also wished to know if cobalt was being used increasingly for military purposes.

5. The GERMAN Delegation were unable to agree to the deletion of cobalt metal. In the view of their authorities criterion (c) seemed to be applicable in this instance. They stressed the fact that cobalt had given rise to more diversion attempts than any other item under embargo. In addition they believed that criterion (a) could probably be applied to cobalt. As to the reference made to U.S.S.R. exports of cobalt to the satellite countries, the German Delegation thought that the processed goods were for the most part being returned to the U.S.S.R., and that it was therefore a case of customs processing rather than actual exports.

6. The FRENCH Delegation were likewise opposed to the Belgian proposal. There was evidence, as far as cobalt in its pure metallic state was concerned, of a critical shortage within the Bloc. They undertook to report the cogent arguments put forward both for the deletion and retention of cobalt metal, but pointed out that at present they would be concerned if this metal were released.

7. The ITALIAN Delegation were prepared to concur in the majority view. The JAPANESE Delegation felt that cobalt metal was very important in both the industrial and strategic fields, and undertook to report the comments made and give a final view during the second round. The NETHERLANDS Delegation had no strong views on the matter.

8. CONCLUSION : The COMMITTEE noted that agreement had not been reached on Item 1648, and agreed to resume study of it during the second round of discussion.

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